

Message Text

CONFIDENTIAL

PAGE 01 ABU DH 00965 230538Z

17/41
ACTION SS-30

INFO OCT-01 ISO-00 /031 W
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R 220730Z JUL 74
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 1834
INFO USINT ALGEIRS
AMEMBASSY BEIRUT
AMEMBASSY CARACAS
AMEMBASSY KUWAIT
AMEMBASSY PARIS
AMEMBASSY LONDON
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
AMEMBASSY JIDDA
AMCONGEN DHAHRAN
AMEMBASSY DJAKARTA
AMEMBASSY QUITO
AMEMBASSY LAGOS
AMEMBASSY MANAMA

C O N F I D E N T I A L ABU DHABI 0965

EXDIS

C O R R E C T E D C O P Y (CORRECTION PARA 2)

BEIRUT PASS BAGHDAD; KUWAIT PASS MUSCAT AND DOHA

EO 11652: GDS
TAGS: ENRG, TC
SUBJ: UAE POLICY ON OIL PRICES

1. I TOOK OCCASION OF CONVERSATION AT LUNCH WITH UAE FON
MIN SUWIAID JULY 21 TO MENTION OUR CONCERN ABOUT OIL PRICES.
I GENERALLY FOLLOWED STATE 152797 WHICH STRIKES ME AS EXCEL-
LENT BASIS FOR PRESENTATION.

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2. SUWAIDI HAD BEEN EXPLAINING, WITH SOME PRIDE, WHAT HE

CONSIDERED TO BE UAE POLICY OF MODERATION AND RESTRAINT IN GULF AFFAIRS. "WE HAVE TRIED TO FOLLOW THE POLICY THAT LONG-TERM STABILITY IN THIS AREA IS MORE IMPORTANT THAN SPECIFIC PIECES OF TERRITORY." I SAID THIS WAS A THEME THAT INVITED EXTENSION INTO WORLD ECONOMIC AFFAIRS. WE WERE ALL LINKED IN INTERDEPENDENT WORLD ECONOMY. ALL OF US COLLECTIVELY STOOD TO LOSE MUCH MORE THROUGH DISLOCATIONS TO WORLD ECONOMY THAN ANY OF US MIGHT GAIN THROUGH TRYING TO FORCE MOMENTARY UNILATERAL ADVANTAGE. FULL EFFECTS OF SHOCK CAUSED BY QUADRUPLING OF WORLD OIL PRICES ONLY NOW BEGINNING TO APPEAR, AND THEY WERE WORRISOME. WE BELIEVED THAT AT PRESENT LEVELS OIL PRICES WERE TOO HIGH, AND THAT THEY WERE CAUSING SEVERE STRAINS TO WORLD ECONOMY. WE HOPED UAE WOULD USE ITS INFLUENCE TO ALLOW PRICE OF OIL TO ADJUST TO MORE REALISTIC LEVELS.

3. SUWAIDI SAID HE PERSONALLY AGREED WITH THIS VIEW. HE ASKED ABOUT SAUDI POSITION. I SAID SAUDIS WANTED LOWER OIL PRICES, BUT THEY WERE FINDING THEMSELVES OUTNUMBERED IN OPEC. SUWAIDI SAID HE THOUGHT UAE SHOULD COOPERATE WITH SAUDI ARABIA ON OIL POLICY. I SAID I WELCOMED THIS VIEW BUT HAD RECEIVED IMPRESSION FROM MINPET OTAIBA THAT HE HAD SOMEWHAT DIFFERENT POSITION. SUWAIDI SAID, QUOTE I WILL SPEAK WITH SHAIKH ZAYID ABOUT IT. END QUOTE.

4. COMMENT: OIL POLICY IS GENERALLY PROVINCE OF MINPET AND ADNOC RATHER THAN FOREIGN MINISTRY, BUT OIL OF COURSE AFFECTS MUCH THAT SUWAIDI, AS FON MIN, IS TRYING TO ACCOMPLISH. BY MOST ACCOUNTS HERE SUWAIDI IS ONE OF THREE OR FOUR ADVISORS SHAIKH ZAYID LISTENS TO THE MOST. SUWAIDI EXPECTS TO ACCOMPANY SHAIKH ZAYID ON HIS 2-MONTH SUMMER TRIP AND THEREFORE WILL HAVE AMPLE OPPORTUNITY TO WORK ON RULER IF HE CHOOSES TO DO SO.
STERNER

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